

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1505-01
Bill No.: SB 561
Subject: Consumer Protection; Housing; Contracts and Contractors
Type: Original
Date: March 31, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
None			
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
None			
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety – Missouri State Highway Patrol** and the **Office of State Public Defender** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Office of State Courts Administrator** assume the proposed legislation would have no fiscal impact on the courts.

Officials from the **Office of Attorney General (AGO)** assume the costs of the proposal can be absorbed. The AGO currently handles complaints regarding home repair fraud and assumes this legislation will clarify which practices are fraudulent.

Officials from the **Office of Prosecution Services** assume prosecutors could absorb the costs of the proposed legislation within existing resources.

ASSUMPTION (continued)

Officials from the **Department of Corrections (DOC)** assume this proposal governs residential home improvement contracts and enhances existing law. Penalty provisions, the component of the bill to have potential fiscal impact for DOC, is for up through and including class D felonies.

The DOC cannot currently predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost either through incarceration (FY02 average of \$35.52 per inmate, per day or an annual cost of \$12,965 per inmate) or through supervision provided by the Board of Probation and Parole (FY02 average of \$3.10 per offender, per day or an annual cost of \$1,132 per offender).

The following factors contribute to DOC's minimal assumption:

- ▶ DOC assumes the narrow scope of the crime will not encompass a large number of offenders;
- ▶ The low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence; and
- ▶ The probability exists that offenders would be charged with a similar but more serious offense or that sentences may run concurrent to one another.

The DOC does not anticipate the need for capital improvements at this time. It must be noted that the cumulative effect of various new legislation, if passed into law, could result in the need for additional capital improvements funding if the total number of new offenders exceeds current planned capacity.

In summary, supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposed legislation could have a fiscal impact on small businesses who perform home improvement services.

DESCRIPTION

The proposed legislation would create the Missouri Home Improvement Fraud Act. Under the auspices of this act, home improvement contractors would be prohibited from engaging in certain fraudulent acts with respect to a home improvement contract. Violations of this act would constitute an unfair business practice and would be subject to the provisions of the Missouri Merchandising Practices Act.

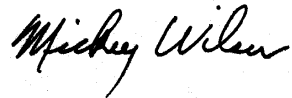
Under this proposal, an owner would have the right to cancel a home improvement contract until midnight of the third business day after the day on which the owner signs such contract. An owner could not cancel a home improvement contract if the owner requested the contractor to begin work without delay because of an emergency and the contractor substantially began performance on the contract before the owner gives notice of cancellation.

The proposal would outline the criteria of what a home improvement contract must contain. At the time of signing a home improvement contract, the owner would be provided a legible copy of all documents signed. Contracts which fail to comply with the requirements would not be invalid solely because of noncompliance.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Office of State Courts Administrator
Department of Corrections
Department of Public Safety
 – Missouri State Highway Patrol
Office of Prosecution Services
Office of State Public Defender



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Director
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